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SUBJECT: MINISTER SURVEYS MOROCCO TRANSPORT REFORMS

11. (U) Summary: Minister of Transportation and Public Works Karim Ghellab gave Ambassador a tour d'horizon of the reforms Morocco is making to its transportation sector, liberalizing its ports (septel), signing an Open Skies agreement with the European Union, and constructing a mammoth new transshipment port on the Mediterranean. Ghellab, a young, reform-minded technocrat, described his job as "building the country's infrastructure, creating the conditions for competition, and ensuring that the private sector operates at an appropriate standard." End Summary.

12. (U) In a Feb. 8 meeting with Ambassador, Minister Ghellab described his work in opening Morocco's air transport sector to competition, first with the United States and more recently with Europe. Ghellab showed evident pride in the fact that Morocco had recently become the first country outside continental Europe to sign an Open Skies agreement with the European Union, even ahead of the United States.

13. (U) Ghellab brushed aside concerns that exposure to competition from European carriers will harm Royal Air Maroc (RAM), which he described as "an independent, private company in which all the shares are owned by the state." He said RAM had created its low-cost affiliate Atlas Blue last year specifically in order to face competition from European low-cost carriers once the Open Skies pact was signed.

14. (U) Switching to the port sector, Ghellab said the main thrust of the GOM's ongoing port reform is to create competition between dock operators and bring down prices for shippers, importers and exporters. Parliament passed reform legislation in July of last year that will come into effect gradually during 2006 as the related decrees of application are finalized.

15. (U) Ghellab spoke enthusiastically about the construction of the Tangier-Mediterranean port, a giant transshipment port that will rival Algeciras in size and eventually in volume. Tangier-Med will allow shipment of goods directly from Morocco to the United States and Asia; all such cargo now must pass through ports in Europe. Asked if the new port will draw business away from the port of Casablanca, currently Morocco's largest, Ghellab reiterated that this is precisely the idea - to create competition and give private shippers and importers an alternative. Ghellab said his ministry is spending \$800 million on land transportation infrastructure that will link Tangier-Med by rail and highway to Rabat and Casablanca.

16. (U) Moving finally to maritime transportation, Ghellab said state shipping company Comanav, already 50 percent private owned, will be privatized completely by the end of 2006.

17. (U) Comment: Minister Ghellab, born in 1966, is a capable and well-respected technocrat who is considered an up-and-coming member of the political elite. He was educated in France but speaks fairly

good English. He comes across as a dyed in the wool reformer with a modern view of the role of the government. His style, even office, is hands-on and all business. Midway through the meeting Ghellab grabbed pen and paper to draw diagrams of the new port, rail and road projects, a dramatic change from the more laid back, older generation ministers. In another departure from tradition, this was a rare minister-level meeting with no staff present. We expect to see more of Ghellab in the future, in increasingly responsible positions. End Comment.  
Riley